

CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 10/23/01
AGENDA ITEM 4
WORK SESSION ITEM _____

TO: Mayor and City Council
FROM: Finance and Internal Services Director
SUBJECT: Participation in Business License Reporting Pilot Program with the Franchise Tax Board

RECOMMENDATION:

It is recommended that the Council adopt the attached resolution authorizing the City Manager to execute a contract with the Franchise Tax Board for participation in a pilot program for business license reporting.

DISCUSSION:

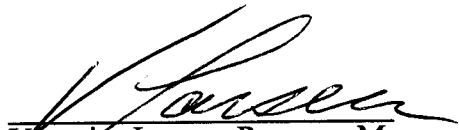
The City of Hayward has provided business license information to the Franchise Tax Board (FTB) since 1984 as mandated by the California Revenue and Taxation Code. This information was used by the FTB as part of their compliance program. In addition, information was provided back to the cities that could be used to support local business license tax compliance efforts. In July of 1999 this law was repealed by the State Legislature and the State no longer reimburses cities for providing business license information.

However, the FTB was successful in having funds appropriated in the California State budget for a pilot program. The pilot program provides funding for the FTB to contract with certain cities to receive city business license information for the period September 1, 2001 through December 31, 2003. The City of Hayward was selected as a potential participant in the new pilot program along with several other cities including Pasadena, Santa Monica, Newport Beach, Los Angeles and San Diego. The budget appropriation allows the FTB to reimburse the City of Hayward for costs to provide this information.

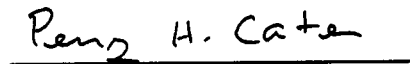
The amount that the City will be reimbursed is dependent upon the amount of tax recovered by the FTB not to exceed \$40,000. Based on past experience staff believes that there will be sufficient recovery to reimburse the City for the cost of providing the information. In addition, staff is of the opinion that this is a productive program and the information obtained from the

State supports the City's compliance efforts. Consequently, staff is recommending that the City Manager be authorized to enter into an agreement with the Franchise Tax Board to participate in the pilot program. A copy of the State Contract is on file in the City Clerk's Office.


Prepared by:


Veronica Larsen, Revenue Manager

Recommended by:


Perry H. Carter, Finance and Internal Services Director

Approved by:


Jesus Armas, City Manager

DRAFT

HAYWARD CITY COUNCIL



RESOLUTION NO. _____

Introduced by Council Member _____

**RESOLUTION AUTHORIZING THE CITY MANAGER TO
EXECUTE A CONTRACT WITH THE FRANCHISE
TAX BOARD**

BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized and directed to execute on behalf of the City of Hayward a contract with Franchise Tax Board to participate in the Business License Reporting Pilot Program, in a form approved by the City Attorney.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2001

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward